

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 3488 - SB 3455

February 11, 2010

SUMMARY OF BILL: Adds, as an unfair trade practice, the coercion of an insured person to cause the person to select specific facilities or repair shops for appraisals or repairs when filing an automobile repair claim. Requires appraisals and proof of insurance documents to contain notice statements of the insured's "right to choose." Requires appraisers to make a physical inspection of the vehicle when preparing appraisals. Requires insurers to make claim payments no later than 30 days after proof of repair. Violations are punishable as a Class B misdemeanor as well as a 12 percent annual interest rate and reasonable attorney's fees paid to the insured.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - Not Significant

Increase State Expenditures - \$3,000

Increase Local Revenue – Not Significant

Increase Local Expenditures – Not Significant

Assumptions:

- According to the Department of Commerce and Insurance, a rule-making hearing will be required with a one-time increase in state expenditures of \$1,500 which includes the cost of a court reporter (\$500), and the cost for transcript printing (\$1,000). Notice of the rule change will be mailed to 500 insurance companies which will result in a one-time increase in expenditures of \$1,500. Total one-time increase in state expenditures is estimated to be \$3,000.
- All vehicle insurers will be required to submit revised forms for review by the Department. Any cost for this review can be accommodated within existing resources without an increased appropriation or reduced reversion.

- A small increase in cases in the court system, which will result in additional state and local government expenditures for processing the cases and additional state and local government revenue from fees, taxes and costs collected. These expenditures and revenue are estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large, stylized "J" and "W".

James W. White, Executive Director

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